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July 27, 2012

VIA E-MAIL AND REGULAR MAIL

Robert Sanoff, Esq.
Foley Hoag LLP
155 Seaport Boulevard
Boston, MA 02210

Re: *Home Insurance Company v. Cornell-Dubilier Electronics, Inc., et al.*;
Superior Court of New Jersey – Law Division, Mercer County;
Docket No.: MER-L-5192-96
Matter : South Plainfield, NJ Proposed Consent Decree
Our File 310,584

Dear Mr. Sanoff:

With further reference to your letters and enclosures dated July 19, 2011, which were received on July 19, 2012, regarding the captioned matter, we hereby acknowledge receipt on behalf of Certain London Market Insurers subscribing to one or more policies identified in Appendix "E" to the Proposed Consent Decree, and North River Insurance Company. This acknowledgement is made under a continuing full reservation of rights to deny all liability for the reimbursement of defense expenses and/or indemnification of any response costs and/or damages incurred by CDE or liabilities undertaken by CDE in connection with the South Plainfield site. Furthermore, this acknowledgement shall not be construed by CDE as a waiver of any affirmative defenses asserted in London Market Insurers' and North River's Answers to the claims and/or cross-claims asserted by CDE in the Declaratory Judgment Action pending in Superior Court in New Jersey, Home Insurance Company v. Cornell Dubilier Electronics, Inc., et al., No. MER-L-5192-96, nor may it be construed as consent to or agreement with any aspects of the proposed Consent Decree or any obligations CDE may seek to impose on London Market Insurers or North River in connection with the Consent Decree.

In addition, London Market Insurers and North River object to the proposed settlement and Consent Decree relating to the South Plainfield site generally, and including but not limited to the following grounds:

1. The amount of the stipulated judgment is excessive, unreasonable and unsupported with respect to both the amounts characterized as the EPA's and State's response costs, and the amounts characterized as Natural Resource Damages as well as with respect to the apportionment of liability as between the PRPs including the United States, Dana Corporation, and CDE;

2. With respect to Response Costs, the stipulated amount is far in excess of the amounts incurred to date, and to the extent the Response Costs include projected future amounts which may be incurred in connection with the investigation, remediation and monitoring of the various Operative Units at the site, such amounts are speculative and excessive in light of the remedial efforts underway and proposed for the future. In addition, in the Proposed Consent Decree, CDE improperly agreed to entry of judgment requiring payment of future Response Costs before they are incurred;

3. With respect to Natural Resource Damages, Insurers are not aware that any such claims have been made against CDE and, in any event, they object both to CDE's stipulation of liability for such damages, and the quantification of such damages set forth in the Proposed Consent Decree;

4. Under the terms of the Proposed Consent Decree, the amounts to be paid by CDE do not reflect CDE's self-insured and uninsured liabilities relative to the amount of the stipulated judgment;

5. Under the terms of the Proposed Consent Decree, there is no requirement that CDE, the EPA or the State actually pay the amounts characterized as Response Costs or that CDE actually pay the amounts characterized as Natural Resource Damages;

6. With respect to Appendix E to the Proposed Consent Decree, a) the Appendix fails to include all policies under which CDE has asserted coverage or should have asserted coverage with respect to the South Plainfield site, including but not limited to the Ancon policy issued to Reliance Electric Company in effect from 1980 to 1983 and policies issued by Kemper Insurance Company, the Hartford Insurance Company, Chubb Federal Insurance Company, Highlands Insurance Company, and Royal Indemnity Company for the period 1983-1985 under which CDE is insured and b) the Appendix improperly includes North River Policy JU 0506 which specifically states that Federal Pacific Electric, and therefore CDE, is not a Named Insured;

7. Under the terms of the Proposed Consent Decree, amounts sought by CDE from Insurers presumably predicated on the stipulated judgments reflected in paragraphs 5 through 8 of the Proposed Consent Decree, if recovered by CDE from Insurers, do not constitute in their entirety amounts paid by or owed by CDE to the United States and New Jersey with respect to CDE's liabilities arising out contamination of the South Plainfield site; rather, under the terms of Paragraph 18 of the Proposed Consent Decree, a substantial portion of Insurance Proceeds recovered by CDE will be diverted to the "Proceeds Escrow Fund" from which they will be applied to CDE's fees and expenses, as well as to fees and costs incurred by CDE with respect to sites other than the South Plainfield site.

In addition, we note that Appendix E does not clearly identify London Market Insurers as the insurers subscribing the policies listed on the second and third pages of the appendix. London Market Insurers and North River reserve the right to amend or supplement the specific grounds for their Objections to the Proposed Consent Decree set forth herein.

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In addition to the above, the Insurers subscribing the Exxon Policies object to the proposed Consent Decree because they were not given the opportunity to associate with the Insured in the defense and control of the claims for the EPA's and State's response costs and Natural Resources Damages. These Insurers further object on the basis that once notified of the discussions to resolve these claims by your letter dated July 19, 2012, these Insurers through Exxon acting as indemnitor under a reservation of rights, requested documents and information regarding the Consent Decree in order to be able to make an informed review of the proposed settlement and the Consent Decree. CDE declined to provide the requested material and therefore failed to cooperate as required by the Exxon Policies. These Insurers hereby confirm their request for information and for full cooperation with respect to any defense or settlement of the claims in accordance with the provisions of the applicable insurance policies.

Finally, on behalf of London Market Insurers and North River Insurance Company, we request that CDE immediately provide Mendes & Mount, LLP and Holland & Knight with copies of all documents relating to or reflecting the negotiations leading to and resulting in the Proposed Consent Decree, as well as all documents concerning, reflecting or relating to the valuation and quantification of the amounts characterized as Response Costs and Natural Resource Damages in the Proposed Consent Decree and documents related to apportionment of costs and damages among the PRPs including, the United States, CDE, and Dana Corporation. These documents were previously requested in Holland & Knight's letter dated July 23, 2012.

Very truly yours,

MENDES & MOUNT, LLP

By: George L. Maniatis
George L. Maniatis

By: Mary Ann D'Amato
Mary Ann D'Amato

VIA E-MAIL

cc: Mr. Alexander T. Barber
Downlands Liability Management Ltd.

Mr. David Young
Resolute Management, Inc.-New England Division

Ms. Kay Newton
RiverStone Claims Management LLC

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